



MEMORANDUM

DATE: October 11, 2004

TO: HCBS Rent Subsidy Applicants
Case Managers

FROM: Carla Pope

RE: Guidance on Amount of Rent Subsidy

Thomas J. Vilsack
Governor

Sally J. Pederson
Lt. Governor

Michael L. Tramontina
Executive Director

When Iowa Finance Authority receives an application for rent subsidy, they determine if the applicant meets the HCBS Rent Subsidy program rules and if adequate funds are available to provide subsidy for the payment period. For eligible applicants, the following formula is used to determine the amount of monthly rent subsidy:

Start with	Whichever is less; Actual rent OR $110\% \times \text{Fair Market Rent}$	To determine fair market rent for the county that the apartment is located: http://www.ifahome.com/docs/RAP/RAP_2005_FMR.pdf (based on # of bedrooms)
Divide by	Number of bedrooms	One bedroom or proportionate share of a rental unit with more than one bedroom*
This equals	Allowable rent \div number of bedrooms	The proportionate rent allowed for a single person
Multiply by	Proportionate rent \times (applicant + dependents)	The applicant and dependent relatives**, if any
This equals	Adjusted proportionate rent	The adjusted proportionate rent allowed
Subtract	Gross monthly income \times 30%	30% of the applicant's monthly income (contribution towards rent)
The remainder	Amount of rent subsidy	The monthly rent subsidy

* The "proportionate share of a rental unit" definition has been clarified by the Attorney General as equal to one bedroom of a multi-bedroom rental unit. An exception can be made for qualified dependent relative, as defined by the State Supplemental Assistance (SSA) program.

** A dependent relative may be the applicant's spouse (who is not eligible for supplemental security income), parent or child. The dependent relative must be both financially dependent on the applicant and living with the applicant.

BOARD MEMBERS

Vincent Lintz
Chair

Steven Adams

Kay Anderson

Virginia Bordwell

Carmela Brown

Roger Caudron

Nancy Evans

Richard Wright

Douglas Walter

**100 East Grand Avenue
Suite 250
Des Moines, Iowa 50309**

MAIN OFFICE

**515.242.4990
800.432.7230**
fax 515.242.4957

SECTION 8 OFFICE

**515.242.0259
877.428.0634**
fax 515-242-0217

TTY

515.242.4864



EXAMPLE 1:

Ruth lives in a 2-bedroom rental unit in Polk County. The total monthly rent is \$700. Her monthly income is \$564.

Actual rent: \$700

$110\% \times \text{Fair Market Rent for a 2-bedroom rental unit in Polk County: } 110\% \times \$657 = \$722.70$

$30\% \times \$564 = \169.20

$\$700 \div 2 = \$350 - \$169.20 = \180.08

actual rent \div bedrooms = proportionate rent – 30% of monthly income = rent subsidy amount

EXAMPLE 2:

Gerry lives in a 3-bedroom rental unit in Plymouth County with his 12-year old son. The total monthly rent is \$750. His monthly income is \$725.

Actual rent: \$750

$110\% \text{ of Fair Market Rent for a 3-bedroom rental unit in Plymouth County:}$

$110\% \times \$637 = \700.70

$30\% \text{ of } \$725 = \217.50

$\$700.70 \div 3 = \$233.57 \times 2 = \$467.14 - \$217.50 = \$249.64$

$(110\% \times \text{FMR}) \div \# \text{ of bedrooms} = \text{proportionate rent} \times (\text{applicant} + \text{dependent})$
= adjusted rent – 30% of monthly income = rent subsidy amount

Thomas J. Vilsack
Governor

Sally J. Pederson
Lt. Governor

Michael L. Tramontina
Executive Director

BOARD MEMBERS

Vincent Lintz
Chair

Steven Adams

Kay Anderson

Virginia Bordwell

Carmela Brown

Roger Caudron

Nancy Evans

Richard Wright

Douglas Walter

**100 East Grand Avenue
Suite 250
Des Moines, Iowa 50309**

MAIN OFFICE

**515.242.4990
800.432.7230**
fax 515.242.4957

SECTION 8 OFFICE

**515.242.0259
877.428.0634**
fax 515-242-0217

TTY

515.242.4864